

SUBJECT: Business and Industry Guaranteed Loan Program
Clarification of the Phrase "Close Relative"

TO: State Directors, Rural Development

ATTN: Business Programs Directors

PURPOSE/INTENDED OUTCOME

This Administrative Notice (AN) is intended to clarify RD Instruction 4279-B, section 4279.114(a), in which the term "close relative" is used.

COMPARISON WITH PREVIOUS AN

This AN replaces expired RD AN No. 3413 (4279-B), dated September 17, 1998.

IMPLEMENTATION RESPONSIBILITIES

RD Instruction 4279-B, section 4279.114(a), states that loan funds may not be distributed or paid to an individual owner, partner, stockholder, or beneficiary of the borrower or a close relative of such an individual when such individual will retain any portion of the ownership of the borrower.

RD Instructions 1900-D and 1980-D contain definitions of "close relative," "extended family," and "household or family," all of which are useful in making an appropriate definition applicable to Business Programs.

EXPIRATION DATE:
December 31, 2001

FILING INSTRUCTIONS:
Preceding RD Instruction 4279-B

For purposes of providing financial assistance under the Business and Industry (B&I) Guaranteed Loan Program, a close relative is someone who is the spouse, parent, son, daughter, aunt, uncle, niece, nephew, sibling, grandparent, grandson, granddaughter, or first cousin of an individual owner, partner, stockholder, or beneficiary.

If you have any questions, please contact the Business Programs Processing Division, (202) 690-4100.

(Signed by Judith A Canales) for

WILBUR T. PEER
Acting Administrator